

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3554-01  
Bill No.: HB 1546  
Subject: Workers' Compensation; Drugs and Controlled Substances  
Type: Original  
Date: February 12, 2002

---

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Various	\$0 to less than \$100,000	\$0 to less than \$100,000	\$0 to less than \$100,000
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0 to less than \$100,000</b>	<b>\$0 to less than \$100,000</b>	<b>\$0 to less than \$100,000</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Local Government</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **St. Louis County, Jackson County, St. Charles County, Greene County, Boone County, City of Jefferson City, and the City of Independence** did not respond to our fiscal impact request.

Officials from the **Central Missouri State University, Truman State University, Departments of Conservation, Transportation, Labor and Industrial Relations, and the Office of Administration - Division of Personnel** assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **University of Missouri** assume the proposal would positively impact the University although an exact fiscal impact is difficult to measure.

Officials from the **Southwest Missouri State University (SMS)** defer to the Office of Administration for the fiscal impact of this proposal as the SMS's Workers' Compensation program is administered by the Office of Administration's Central Accident Reporting Office.

Officials from the **City of Springfield (COS)** assume the proposal would not affect revenues, costs, or losses. COS assumes the proposal would result in savings although they do not have the data to accurately project the amount of savings. COS notes, for particular cases, the savings could be substantial.

Officials from the **City of St. Louis (STL)** assume the proposal could potentially reduce Workers' Compensation costs in certain instances, resulting in a positive fiscal impact. STL notes the amount of potential savings cannot be estimated.

Officials from the **Office of the State Courts Administrator (CTS)** note there could be a number of court cases to test the parameters of the proposal. CTS states they do not expect a significant impact on the workload of the courts and, therefore, assumes no fiscal impact.

Officials from the **Office of Administration - Division of General Services, Risk Management, (COA)** state the program currently has no history of a case as described by the proposed legislation. COA assumes the proposal has potential for cost savings to the Workers' Compensation industry and the state.

**Oversight** inquired of the **Office of Administration - Division of General Services, Risk Management (COA)** and found for FY 2001, there were 4,829 reported injuries to the Central Accident Reporting (CARO) program, with claims of \$14,503,230, for an average cost per claim of \$3,003. Oversight inquired of the **Department of Transportation (DHT)** and found DHT tests

ASSUMPTION (continued)

approximately six percent of Workers' Compensation claims for controlled substances and less than one percent test positive.

**Oversight** applied DHT's figures to claims paid out of the CARO program for FY 2001. In FY 2001, there were 4,829 reported injuries with an average cost per claim of \$3,003. Assuming six percent of claimants (290) were drug or alcohol tested and one percent tested positive, the savings to the state, as a result of not paying benefits, would be \$8,709.

**Oversight** further inquired of the **Highway Patrol (MSHP)** and found for calendar year 2001, the average cost per Workers' Compensation claim was \$8,752. MSHP ran three tests for intoxication and none were positive.

**Oversight** notes the proposal does not mandate controlled substance testing after an accident and therefore assumes no costs would be associated with passage of the proposal. The potential for cost savings would depend on the number of positive drug or alcohol tests and the amount of any claim that would be denied resulting from a positive test. **Oversight** assumes any savings resulting from passage of the proposal would be the difference between the 15% reduction and the 100% reduction, per claim, and has ranged the amount from \$0 to less than \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
---	---------------------	---------	---------

**VARIOUS STATE FUNDS**

<u>Savings</u> - Benefits Not Paid as a Result of a Positive Controlled Substance Test	\$0 to less than \$100,000	\$0 to less than \$100,000	\$0 to less than \$100,000
--	-------------------------------	-------------------------------	-------------------------------

<b>ESTIMATED NET EFFECT ON VARIOUS STATE FUNDS</b>	<u><b>\$0 to less than \$100,000</b></u>	<u><b>\$0 to less than \$100,000</b></u>	<u><b>\$0 to less than \$100,000</b></u>
--	--	--	--

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
---	---------------------	---------	---------

**LOCAL GOVERNMENT**

<u>Savings</u> - Benefits Not Paid as a Result of a Positive Controlled Substance Test	Unknown	Unknown	Unknown
--	---------	---------	---------

<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENT</b>	<u><b>Unknown</b></u>	<u><b>Unknown</b></u>	<u><b>Unknown</b></u>
---	-----------------------	-----------------------	-----------------------

### FISCAL IMPACT - Small Business

Small businesses may recognize a savings in the amount Workers' Compensation benefits paid as a result of passage of this proposal.

### DESCRIPTION

Under current law, workers' compensation and death benefits are reduced 15% if the employee's injury was sustained in conjunction with the use of alcohol or drugs. This proposal deems voluntary use of alcohol to the extent of legal intoxication the proximate cause of an injury, resulting in a forfeiture of all workers' compensation benefits.

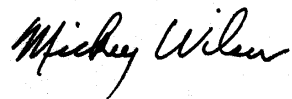
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

Office of Administration  
General Services, Risk Management  
Personnel  
Department of Conservation  
Department of Labor and Industrial Relations  
Department of Transportation  
Office of the State Courts Administrator  
Truman State University  
University of Missouri  
Southwest Missouri State University  
Central Missouri State University  
City of Springfield  
City of St. Louis

NOT RESPONDING

St. Louis County  
Jackson County  
St. Charles County  
Greene County  
Boone County  
City of Jefferson City  
City of Independence

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, stylized 'M' and 'W'.

Mickey Wilson, CPA  
Acting Director

February 12, 2002